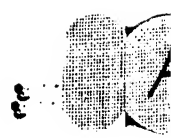


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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510

M. GRAEME BANNERMAN, STAFF DIRECTOR
GERYLD B. CHRISTIANSON, MINORITY STAFF DIRECTOR

May 7, 1986

The Honorable John Kerry
United States Senate
Washington D.C. 20510

Dear John:

In response to your concerns about the contras, I would propose that we hold a hearing on contra issues in early June.

The purpose of the hearing would be to explore the many issues that have been raised about the contras. Who are they? Ex-Somocistas, ex-Sandinistas, both, neither? As you know, this question has been uppermost in the minds of many. Another matter that concerns Senators is the whole question of contra reform. Has progress been made in their efforts to unify? Have steps been taken to eliminate human rights abuses? Are the civilians asserting control over military forces?

I would like to see a portion of this hearing cover the issues your staff has been looking into. Are the contras as an organization involved in gun-running or drug smuggling? Are individual contra members involved? Does the Administration have evidence related to these allegations? Is it investigating the allegations that have come to its attention?

The Committee staff would like to work with you and your staff in developing witnesses and identifying agencies that could address these questions. I would hope we could schedule something for early June.

Sincerely,


Richard G. Lugar
Chairman

RGL:rmk

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-Contra-Probe<
 ROBERT PARRY=
 Associated Press Writer=

WASHINGTON (AP) — A senior Justice Department official told a meeting of federal investigators this week that a probe into alleged wrongdoing by Nicaraguan rebels and their American backers remains alive and will likely go on "for a long time," two congressional sources said Wednesday.

The reported assessment by Tom Marum, deputy chief of the internal security section of the Justice Department's criminal division, comes in statements by a department spokesman that the probe has effectively ended after a finding of possible wrongdoing by only one person.

Another Justice Department official, Ken Bergquist, deputy assistant attorney general for legislative affairs, described the department's public statements on the outcome of the probe as "inaccurate," said the sources, who insisted on anonymity.

Neither Marum nor Bergquist returned telephone calls to discuss the probe.

The sources said Marum told the meeting on Tuesday that federal authorities have been investigating alleged gunrunning by the U.S.-backed rebels for the past two years and expected the probe to continue.

The meeting involved administration and congressional investigators who have been looking into allegations of cocaine trafficking and gunrunning by the Contra rebels fighting Nicaragua's leftist government.

Justice Department spokesman Patrick Korten said Wednesday an investigation, directed by U.S. Attorney Leon Kellner in Miami, found evidence of drug trafficking. Korten said the probe uncovered one case of a weapons shipment involving one person and a small number of others.

"We examined and conducted interviews on every lead or bit of information that we had passed along," Korten said. "None of them led anywhere with the possible exception of one. There just wasn't anything there."

Korten refused to comment on whether Attorney General Edwin Meese had contacted Kellner about the investigation, although he added that such a call would not be unusual.

Other federal officials have acknowledged that some Nicaraguan rebels apparently did engage in cocaine trafficking, particularly after Congress cut off covert CIA support in 1984.

Elliot Abrams, assistant secretary of state for inter-American affairs, told Congress in March that the U.S. government had reports implicating members of Eden Pastora's Democratic Revolutionary Alliance, ARDE, in cocaine trafficking. But Abrams denied participation by other rebel groups.

In April, a Reagan administration report cited "evidence of a limited number of incidents in which known drug traffickers have tried

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 establish connections with Nicaraguan resistance groups. ...
 individual members of the resistance ... may have engaged in such
 activity, but it was, insofar as we can determine, without the
 authorization of resistance leaders.'

In an Associated Press report last December, a senior
 administration
 official, insisting on anonymity, said U.S. intelligence had concluded
 that an ARDE commander used cocaine profits to buy military equipment.
 In late 1984, Costa Rican authorities indicted a leader of a rebel
 splinter group, M-3, on cocaine smuggling charges.

The AP article also cited U.S. law enforcement officials and
 American volunteers who worked with the rebels as saying other Contra
 groups, including members of the CIA-organized Nicaraguan Democratic
 Force, used drug money to support the struggle. The Contra backers said
 they provided detailed information about the cocaine trafficking to
 federal authorities.

In March, the San Francisco Examiner reported that a major Bay Area
 cocaine ring helped finance operations by another Contra group, the
 Nicaraguan Democratic Union-Revolutionary Armed Forces (UDN-FARN), a
 Costa Rica-based group belonging to the rebels' political umbrella
 group, the United Nicaraguan Opposition, UNO.

But Korten, Justice Department deputy director for public affairs,
 said allegations about the Contras had been examined throughout the
 country and 'have turned out (not) to have any foundation as far as we
 have been able to determine.'

Korten said no decision has been made on whether to seek an
 indictment against the one individual linked to gunrunning.

In an interview with the AP last Friday, Ana Barnett, assistant
 U.S.
 attorney in Miami, said the Miami drug investigation had focused on
 statements by one informant and was not considered a high priority
 investigation.

'I'm not saying we dropped everything to look into it,' said Ms.
 Barnett, who called the Contra probe a 'baby' investigation.

She said the Miami U.S. attorney's office is the busiest federal
 prosecutor's office in the country and deals with cases involving tons
 of drugs while the allegations against the Contras relate to relatively
 small quantities.

'We want to put (the investigation) back in perspective,' she
 said. 'We have a limited amount of resources.'

A secretary in Ms. Barnett's office said Wednesday that all calls
 about the investigation are now being directed to Korten in Washington.

The federal probe occurred at a politically sensitive time as
 President Reagan pressed Congress to approve \$100 million in mostly
 military aid for the rebels, a request now sidetracked in the House.

Sen. John Kerry, D-Mass., who has been conducting a staff
 investigation of the charges, said, 'The fact that Justice Department
 has said it has closed its investigation into allegations of criminal
 wrongdoing by the Contras and their American supporters is deeply
 disturbing.'

'It only reinforces my sense that the Congress should investigate
 these allegations fully and I look forward to hearings that will
 cover the truth.'

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